

## What Impact Has JCB Had On The Market?

### Introduction

I will be investigating the impact which JCB has had on the construction, agriculture and material handling equipment market. I will be using information from the media, the JCB website ([www.jcb.co.uk](http://www.jcb.co.uk)) and from notes I took at a presentation given by Jason Sankey from JCB. I think that my research will show that JCB has had a major impact on the market and I believe the company will continue to be a main competitor in the market.

### Growth And Expansion

The company started off as a "one man band", however they now employ over 6,000 people this is the first indication of their success and growth. The graph shown on appendix 1 (5 year growth) shows that JCB has grown rapidly since 2002. It shows that the company's production has almost doubled over the past five years. The company currently manufactures 279 different machines, five years ago JCB only had a range of 180 products, this shows that JCB has grown as a company. JCB targets many different market segments, they produce machines for use in the construction, agriculture, defence, groundcare, waste and recycling, industry and demolition markets. The fact that the company meets the needs of so many different market segments shows that they are diverse and that they have had a broad impact on the market. It also suggests that the company has built on its success as it originally only catered for the construction and agriculture markets. The second graph shown on appendix 1 (backhoe loaders) shows the growth in production of backhoe loaders since 2001. The graph illustrates that JCB is producing more backhoe loaders than ever, suggesting that the company dominates the backhoe loader market and that they are more successful in this market than their competitors. The graph shows this as it shows that their production levels are continually growing and have not levelled off. JCB's domination of the backhoe loader market is also shown by the fact that one in every three backhoe loaders in the world is made by JCB. The company has expanded immensely since its beginning in 1945. JCB now has 17 factories worldwide and has 1,000 outlets in 150 different countries. The company is currently targeting emerging markets such as China and eastern Europe. The company's globalisation shows that they are having an impact on markets worldwide and that they are managing to compete against manufacturers from many different countries.

JCB's chief executive John Patterson says that JCB has become "a truly global player". In an article featured in the Guardian newspaper in October 2007 John Patterson comments on JCB's globalisation and how the company has been affected by the pound riding high against the dollar saying, "we would have felt the effects much more keenly a

decade ago. JCB has evolved into a global manufacturer over the past few years, which has mitigated some of the impact of currency.". JCB's worldwide development has produced dividends for shareholders, not least at a time when the pound is riding high against the dollar.

### Competition

JCB's main competitors include:

- Caterpillar
- Hitachi
- Volvo
- John deere

JCB currently has around a 10.4% global share of the market, this is a substantial share considering the amount of competition. The company is at present the world number 3 leader in the market, proving the company's success and emphasising it's impact on the market. JCB is the world leader in the production of backhoe loaders and was the world's first to manufacture 100,000 telehandlers, these "claims to fame" show that JCB has had an impact on and advanced the market.

### Competitive Advantage

JCB's main competitive advantage is their unrivalled customer support. They provide all customers with on site help, worldwide. This high level of customer service gives them an advantage over their competitors. Appendix 2 shows some statistics proving JCB's dedication to customer care. **"Our strategy is to deliver the best customer support in our industry - putting the customer at the very heart of our business" says Mr.Assetcare.** This "world class customer support" has allowed JCB to build a strong relationship with it's customers, therefore they have achieved a good reputation, allowing them to compete successfully in the market. One of JCB's competitive advantages is that they have increased international sourcing of components. This means that they can always get hold of their components from wherever they are cheapest, giving them competitive advantage over some of their competitors. Other advantages that the company has over it's competitors include the superb quality of their products, their innovative ideas and the company's creative marketing. The brand map shown on appendix 1 details all the things that JCB believes gives it such a good reputation in the market, it includes their innovation, their responsible ethic, their straight-talking, inspiring attitude, their hard working workforce and their world-wide reputation. All of these features give the company their good reputation and strong brand name giving it a competitive advantage. Having so many advantages over

it's competitors has enabled JCB to become a greater competitor in the market and have a large impact on the market.

### Innovation

The development of the 2cx backhoe loader by JCB had a major impact on the market, it beat any other backhoe loader available in the market. According to [www.contractjournal.com](http://www.contractjournal.com) before the launch of the 2cx the market for backhoe loaders in Europe stood at 300 units per year. However, just two years after the launch of the 2cx JCB claimed that it had sold 1,500 units, this shows that JCB has converted a niche market into a growing market. The JCB Dieselmax is JCB's biggest innovative project. The unique vehicle broke the land-speed record for a diesel powered car. The car is innovative in many areas, the first being design. It was the first car designed entirely by computer, showing JCB's unique capabilities in design. The car also has unique aerodynamics, proving JCB's dedication to design and innovation. The vehicle also has innovative steering, brakes and structure. Appendix 3 shows a series of quotes from the Dieselmax project director. The innovative engineering and hard work from JCB that Dr Time Leveton talks about, are what have earned JCB global recognition and have boosted the company's reputation in the market. Appendix 4 shows the Dieselmax vehicle itself. The company has recently launched a "HiViz loadall range" boasting exceptional allround visibility (shown in appendix 5) and now offers a range of powertools. The company's range of products now extends to 21 different types of machines (shown in appendix 6) each with many variants. Also, the company has recently launched a mobile phone which boasts splash, shock, dust, glare and high volume resistance, this can be seen in appendix 7. JCB shows off its innovation and creativity by putting on "dancing diggers" displays at various events, a picture of this can be seen in appendix 8. The displays show off the power, versatility and accuracy of the machines. The company is constantly striving to design and produce new products and is often achieving feats of engineering, it is this that has allowed the company to thrive in the market and to hold its large market share.

### The JCB academy

An article containing information about JCB's plans for a "JCB academy" can be seen in appendix 9. JCB are planning to refurbish an old building close to their world headquarters which will take on pupils aged between 14 and 19 and teach them academic and vocational skills which will enable young people to gain qualifications in engineering, manufacturing and international business. The school will have energy created from a water turbine, recycled waste timber to provide heat, rainwater to flush toilets and solar panels. The company is hoping for this to be the first fully sustainable school, this

again shows off the firm's innovative skills. Sir Anthony Bamford said this about JCB's training programme "JCB is a rapidly expanding global company. We require the very best people to join our team and ensure that we continue to be one of the most advanced companies in our field. I strongly believe that our undergraduate programme is one of the best and by investing in your development we will continue to have the right people to share the future success of JCB". The fact that JCB is willing to train students in the essential skills needed to work for the company shows their impact on the market. It shows that they are successful within the market as it suggests that they have the money to spend on this type of investment. It is also a way for JCB to reinforce their impact on the market and strengthen their position within the market as none of JCB's competitors have invested in this type of training. It will also allow JCB to lead the way in the market in the future because the type of training they provide will influence the future directions which the market will move in.

#### JCB in various market segments

JCB's range of machines designed specifically for the agriculture market prove their commitment to constant innovation. They have made a range of machines that are suited ideally for work in agriculture and have "farming friendly" details such as fold-in rear lights and enclosed propshafts. JCB claims that their Fastrac model is the "most productive tractor available", showing that they are a strong competitor in the agriculture market. In a recent comparison between JCB's 536-70 Agri Xtra, Manitou's MLT 741-120 LSU and Merlo's P41.7, published in Farmer's Weekly magazine on 9th November 2007, the JCB model came out on top. The article says that "a few years ago Manitou's MLT-series showed the way", for JCB to have come out better than Manitou's model shows that JCB has progressed in the agriculture market over the years. It also shows that JCB is now producing better machines than the previous leader in this area of the market. Appendix 10 shows the specs and scores of the three machines in the farmer's weekly comparison which shows JCB to be the best of the three. The results of the comparison shows JCB's impact on the agriculture market. JCB has "unrivalled experience in the construction market" and its innovation and dedication in this segment of the market has changed the construction equipment market forever. The JCB backhoe loader range leads the world market in performance innovation and reliability. JCB also competes in the demolition market. The machines they offer in this market have the largest range of attachments in the industry, giving the company competitive advantage over its rivals in this market segment. JCB produces specifically and purpose designed machines that suit the demands of a range of market segments, the fact that JCB is able to compete successfully in so many different markets shows its impact.

### The Future For JCB

I believe that JCB will continue to grow and will probably become the world's 2nd leader in the market (compared to its current 3rd) in the near future. I think the company will continue to be innovative and will bring out many new ranges of products that target the company's existing market segments and develop products that suit new market segments. These new products will hopefully allow the company to impact on new market sectors and therefore increase JCB's market share. If the company does this, their impact on the market will grow. The company is likely to expand into more countries increasing their global reputation and their market share. The company should grow with and adapt to the varying market in order to keep their position as one of the top competitors in the market. I think the company will have a successful future.

### Conclusion

From my investigation it is clear that JCB has had a major impact on the construction, agriculture and material handling equipment market. The company has a global reputation for quality, commitment to innovation and unrivalled customer support. It is these competitive advantages that have allowed JCB to grow. JCB's exponential growth is the main indicator of their impact on the market. JCB has had a broad impact as it has impacted on many different market segments. JCB competes in the market in many different countries showing that they have had a global impact on the market. The fact that the company is currently the 3rd world leader in the market shows that they have penetrated the market and are competing in the market successfully. I believe that the company will continue to be successful.